

# **Knowledge Management Consulting Method**

## **Part 3 – Strategic Planning**

### **Module 3.4 – Change Readiness**

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## Introduction

### **An Overview of the KM Consulting Methodology**

The KM Consultancy Methodology enables structured thinking and planning for a knowledge management project. The KM Consultancy Methodology is designed to be modular so that an organisation can choose to start at different levels depending on its readiness, needs and requirements.

The KM Consultancy Methodology is divided into 6 parts of learning and activity. Part 1 concentrates on KM Education, understanding what KM is, the terminology used and why it is important. Part 2 introduces the individual to the importance of KM frameworks, and more importantly, the framework used for the KM Consulting Methodology.

Parts 3, 4 and 5 focuses on the planning, developing and implementing KM within and organisation. This involves looking at the initial or the planning stage of the strategic planning for knowledge management, in Part 3. Part 4 looks at developing the knowledge organisation, looking at how to KM enable the organisation and the need to iteratively develop the KM initiative. Part 5 looks at implementing the KM initiative, from a small pilot project, to a organisation wide KM roll-out and then to an inter-organisation wide KM roll out.

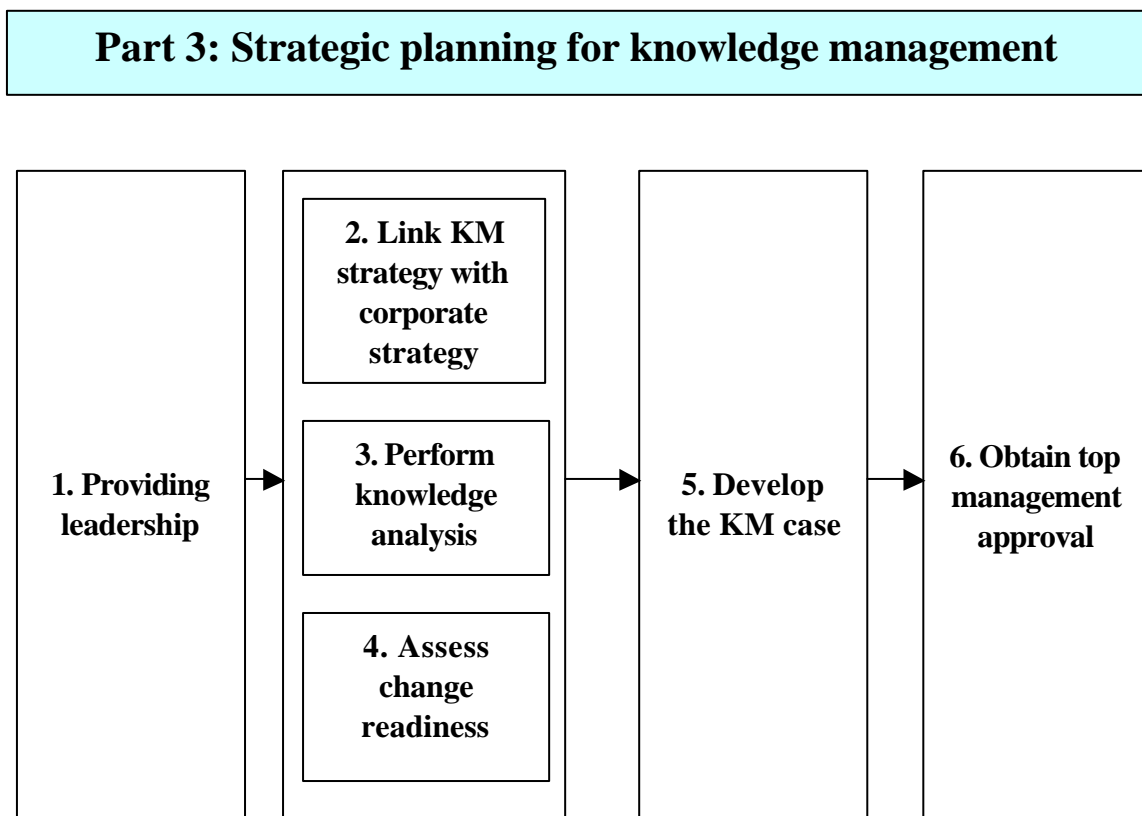
Lastly Part 6 focuses on the knowledge and skills required to successfully conduct KM on a daily basis. This involves fundamental skills, such as utilising the KM system and working effectively as virtual teams through to understanding the new roles and responsibilities of the Chief Knowledge Officer, Knowledge Manager, Knowledge Administrator and the Knowledge Workers.

## Strategic Planning for Knowledge Management

Knowledge management is not about managing knowledge per se or about managing knowledge workers, rather it is about managing the context within which knowledge is created, shared and used.

Therefore, the implementation of any knowledge management project calls for a comprehensive understanding of the context in which the KM project is being undertaken. The task can be quite intimidating and overwhelming because of the complexity involved.

The KM Consulting methodology aims to break a KM initiative into manageable projects without losing sight of the big picture. This part of the methodology – Part 3 is broken down into six modules, each of which can be managed as a series of separate activities.



**Fig 1: Strategic Planning for Knowledge Management**

## Summary of Activities per Module

Module	Activities
3.1 Providing Leadership	? Meet the CEO/MD/top management ? Form & educate a KM Initiation Team
3.2 Link knowledge management strategy with corporate strategy	? Organise workshop/conduct interviews ? Analysis <ul style="list-style-type: none"> <li>○ Identify vision, strategy and objectives</li> <li>○ Identify critical success factors</li> <li>○ Link strategy to critical success factors, improvement needs, key people and processes</li> </ul> ? Select the key business area and process of focus
3.3 Perform knowledge analysis	? Determine knowledge orientation; current and desirable ? Identify critical knowledge assets ? Analyse KM infrastructure
3.4 Assess risk and change readiness	? Change Readiness Assessment ? Stakeholder analysis
3.5 Develop the case for KM	? Explain the need for knowledge management ? Project Description ? Provide solution detail <ul style="list-style-type: none"> <li>○ Develop performance measurement and evaluation plan</li> <li>○ Determine resource and funding requirements</li> <li>○ Develop awareness generation and education plan</li> <li>○ Determine the implementation Schedule</li> </ul>
3.6 Obtain top management approval	? Improve awareness of the executive group ? Present the KM proposal ? Form the KM team

Strategic planning is an important stage of a knowledge management project because it will help an organisation quickly focus on knowledge that counts and delivers value to the firm. Based on the corporate strategy and objectives a clear knowledge management strategy needs to be defined to help the firm set forth the criteria for choosing what knowledge a firm plans to pursue and how it will go about capturing and sharing it. A key deliverable of Strategic Planning will be the creation of a business case which would set the scope of the project by designating critical knowledge for the business and identifying resources of critical knowledge. The focus of the business case would be to convince the top management of the need and benefits of knowledge management and gain their full-fledged commitment for the initiative.

There could be two different scenarios during the initiation phase of a knowledge management project.

- a) The CEO / MD of the firm is convinced of the need for a knowledge management initiative and the project is initiated by her/him. S/he could either decide to form an internal team undertaking the project or hire an external consultant who would also be supported by an internal team. In either case, the information collection exercise becomes easier and the task of obtaining the top management approval should become much easier.
- b) A middle/senior manager in the organisation initiates the project. In this case, the success of the project will be contingent on obtaining full-fledged top management support. Therefore, the focus during the initial phase of the project should be on creating high awareness and garnering much more than word of mouth support from top management.

The modules involved in the two cases would be the same, however the activities and focus might differ. The steps involved would be;

Module 3.1: Providing leadership.

Module 3.2: Link corporate strategy with knowledge management.

Module 3.3: Perform knowledge analysis.

Module 3.4: Assess change readiness.

Module 3.5: Develop a business case for KM.

Module 3.6: Obtain top management approval.

***This module focuses on Module 3.4 – Change Readiness***

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## Module 3.4 – Change Readiness

Knowledge management is more than just an application of technology. It involves extensive cultural and behavioural changes in the organisation and the team has to start getting prepared for this change on the first day of the project. Companies have found that a change readiness assessment is an invaluable tool for determining the potential hurdles and pitfalls of implementing change.

### 1.0 Change Readiness Assessment

A change readiness assessment is a survey of employees at various levels to determine whether they understand the need to change, the direction of change and the benefits of change and how willing they are to change.












The Change Integration Team of Price Waterhouse Coopers<sup>1</sup> suggests a diagnostic for any organisation contemplating a change effort. See Appendix 1. It is drawn from a one day workshop used by Price Waterhouse to assess an organisation's readiness for change especially to;

- Raise the overall awareness of the organisation regarding change, fundamentals of successfully managing the change process and likely impacts.
- Surface hidden agendas and key resistance issues that might prove troublesome later if not discovered.
- Provides focus on later changes of the change effort.



This diagnostic will help the KM initiation team develop a clear organisational change management plan which forms an integral part of a knowledge management effort should be covered in extensive detail in developing the business case. The following template could be used to summarise the diagnostic;

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<sup>1</sup> Better Change; best practises for transforming your organisation, The Price Waterhouse Change Integration Team, Irwin Professional Publishing

Change Requirements Constituency	Target Group			Customers & Suppliers
	Intellectual commitment	Emotional Commitment	Required Skills	Required Support
Senior Executives through Directors				NA
Plant management				
Plant Employees				

	Committed & Ready	The belief that change is necessary and proposed changes are appropriate	The willingness to carry out the planned change and “weather the storm”.	The skills required to carry out change and operate effectively in the new environment	The support from other necessary to carry out change and operate effectively in the new environment
	Uncommitted				

### Change Readiness Assessment (Summary)



## 2.0 Stakeholder Analysis

Who are the stakeholders in a KM program? Stakeholders are individuals or groups who at some time during the knowledge management program, will affect and be affected by what is happening. The stakeholders will have to be identified based on the scope and objectives of the knowledge management program. Depending on the scope of the project, the stakeholder population could include;

- Customers.
- Employees.
- Owners.
- Suppliers and other business partners.
- You and your team.

No matter how long the list of stakeholders, it can be divided into two broad groups as depicted in the matrix below. This matrix has been developed by the Change Integration Team of Price Waterhouse Coopers<sup>1</sup>. The two large groups are – those supporting change and those who are not motivated to change. It is important to analyse these stakeholders because on one hand, motivated stakeholders can have a multiplier effect on the KM initiative and on the other, the de-motivated can seriously deter the progress of the project.

It is easy to spot both kinds of stakeholders. The motivated stakeholders are constructively critical and proactive whereas the de-motivated ones tend to express their negative perceptions and emotions by skipping project meetings and being noncommittal. The latter cannot be simply ignored. It is important to engage and work with them.

The following templates could be used to summarise stakeholder analysis.

Area of change	Impact	Stakeholder	Anticipated Reactions/ Issues	Communications strategy & planned response

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## Appendix 1

### Change Readiness Assessment

#### Activity 1: Assessing levels of resistance to change

It is human instinct to resist change. The following are examples of situations caused by a KM initiative that would lead to resistance in yourself and others. You can perform this exercise using personal responses or an estimation of likely responses by others in your organisation.

##### Step 1:

If you believe that one of the following will be created as a result of the upcoming KM initiative put a number next to it to indicate the degree of resistance that situation will engender.

(Key: 1 = High, 2 = Medium, 3 = Low)

- \_\_\_        Need to learn new skills
- \_\_\_        Shifts in influence, authority, control
- \_\_\_        Shifts in communication pattern
- \_\_\_        Change in habits
- \_\_\_        Limited understanding of KM and its implications
- \_\_\_        Low Tolerance
- \_\_\_        **Total**

##### Step 2:

- ? Total the numbers in the left hand column.
- ? If your total is 10 or below, then you have a manageable level of resistance.
- ? If your total is between 10 and 18 you will need to make a special effort to deal with a significant level of resistance.

##### Step 3:

- ? Be sure to ask yourself:
  - ? What are the implications of these areas of expected resistance?
  - ? What can be done to mitigate the effect of resistance in these areas?

### Activity 2: Assessing the ability to manage transformations

This exercise points out various effective methods for managing transformations. The focus is on the importance of being proactive in managing transitions. Ten key fundamentals of successful, proactive transition management are listed below.

#### Step 1:

- ? Review this list of 10 fundamentals and then grade the effort being made or you perceive is required to be made in your KM project against each fundamental.  
(Key: A = High, F = Low)

Fundamental	Effort	Priority
Leading: Identifying and getting the support, commitment of key leaders within the organisation undergoing change		
Visioning: Articulating a clear concise picture of how the organisation will work and how it will be organised after the change is implemented		
Assessing: Determining the type and extent of impact KM will have on different dimensions of the organisation; being proactive defining and preparing for impacts rather than reactive to impacts after they occur.		
Selling / Marketing: Following common sales/marketing techniques in promoting the change		
Participating: Encouraging active involvement in creating and managing the KM system by those directly and indirectly affected as means of building ownership		
Communicating: Exchanging regular and accurate information about KM in a proactive and open manner		
Educating: Providing training		
Integrating: Co-ordinating the multiple activities		
Supporting: Confirming the infrastructure necessary to support KM that will need to occur		
Transitioning: Preparing to move smoothly from current environment to target environment		

#### Step 2:

- ? After grading your project's performance for each of these fundamentals, rank them in importance for your project using the following scale:
- 1 = High priority (no more than 4 of these)
  - 2 = Medium priority (no more than 3 of these)
  - 3 = Low priority
- ? You may believe that all fundamentals are high priority but by establishing the relative importance, you can better decide on how to allocate resources and time.

#### Step 3:

- ? Compare priority and effort grades.

- ? This will indicate where you will need to pay more attention. For instance, any high priority fundamental area with less than a B grade needs immediate attention or the success of your KM program will remain at risk.

### Activity 3: Identify and prioritise the key impact areas

This exercise identifies areas within the organisation that will be affected by the KM initiative. Completing this impact assessment enables you to estimate how KM may affect various areas of the organisation. This is a preliminary assessment. The goal is to flag potential impact areas so that an action plan can be initiated and carefully monitored. You can reuse this tool, as more specifics about the change are understood.

#### Step 1:

- ? Based on your judgement/vision, designate whether the impact in that area is expected to be high, medium or low.
- ? Designate no more than four high impact areas and three medium impact areas.

	Impact	Priority
Culture: The basic values and beliefs of the organisation		
Organisation Structure: The formal and informal structures used to organise the company, division or department		
Business processes		
Job Design		
Skills/knowledge Required		
Worker Motivation		
Communication		
Operating Policies		
HRM		
Technology interfaces		

#### Step 2:

- ? After estimating the expected degree of impact in each of these areas, prioritise the list of impact areas based on whether successful change in each area is critical to the success of the overall KM effort.
- ? Rank each area as:
  - 1 = High priority (no more than 4 of these)
  - 2 = Medium priority (no more than 3 of these)
  - 3 = Low priority

#### Step 3:

- ? Compare impact areas and priorities.
- ? This will indicate where you need to pay more attention, for instance, any high priority fundamental are with high or medium change impact needs immediate attention or the success of your KM program will remain at risk.

## Glossary

**Knowledge** The ideas or understandings, which an entity possesses that are used to take effective action to achieve the entity's goals.

**Knowledge management** The ways to create, retain, share, account for, and leverage knowledge - at all levels, from the personal level to the team level, the organisational level, the inter-organisational level, and the global level.

**Knowledge Asset** A resource that an organisation wants to cultivate and manage. Human assets are people and networks of people, structural asset could be an automated sales process and market asset could be a corporate brand.

**Business case** A document describing the business issues driving the project, the project objectives, the project scope, the approach and time frame for achieving results, the budget and the project team.

**Critical Success Factors** The most important activities and processes the organisation has to make right to reach the goals outlined in the strategy. Examples include: product development, inventory reduction, time to market, customer service and so on.

**Vision** The dream of a future state for the organisation.

**Change Agent** The person responsible for the process of change and incorporating the principles and tools of change management into an organised and systematic plan of implementation.